

**Auditing Procedures Report**

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Bedford Township		County Monroe
Fiscal Year End June 30, 2006	Opinion Date October 20, 2006	Date Audit Report Submitted to State November 30, 2006		

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- |    | YES                                 | NO                                  | Check each applicable box below. (See instructions for further detail.)   |
|----|-------------------------------------|-------------------------------------|---|
| 1  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.   |
| 2  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.   |
| 3  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.  |
| 4  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has adopted a budget for all required funds.   |
| 5  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | A public hearing on the budget was held in accordance with State statute.   |
| 6  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.   |
| 7  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.  |
| 8  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit only holds deposits/investments that comply with statutory requirements.   |
| 9  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin).  |
| 10 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover. |
| 11 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit is free of repeated comments from previous years.  |
| 12 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The audit opinion is UNQUALIFIED.   |
| 13 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).  |
| 14 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The board or council approves all invoices prior to payment as required by charter or statute.  |
| 15 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | To our knowledge, bank reconciliations that were reviewed were performed timely.  |

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of comments and recommendations.		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Account (Firm Name) McGuire & McDole CPAs		Telephone Number 734-854-5044		
Street Address 6588 Secor Road		City Lambertville	State MI	Zip 48144
Authorizing CPA Signature 		Printed Name L. Donavon McGuire		License Number 1101008386



**McGuire & McDole**  
**Certified Public Accountants**

L. Donovan McGuire, CPA  
734-652-4040  
Mark McDole, CPA  
419-475-1254

6588 Secor Road  
Lambertville, MI 48144  
Tel 734-854-5044  
Fax 734-854-2540

November 30, 2006

Bedford Township Board  
Temperance, MI

Dear Board Members,

Our audit of the financial statements of Bedford Township for the year ended June 30, 2006, was made in accordance with the generally accepted auditing standards which require that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Township. The scope of our audit is not intended to be a detailed review of all systems and procedures; therefore, this report should not be considered all inclusive.

We have the following comment:

**Excess Expenditures** – The Township had one expenditure in excess of the adjusted budget amount. All expenditures should be within the amount appropriated.

**Deficit Fund Balances** – At June 30, 2006, the Township had two capital project funds with deficit balances, both of which were subsequently eliminated by bond issues. A deficit elimination plan must be filed with Michigan Treasury Department for each fund.

We would like to take this opportunity to thank both the Board Officials and the employees who provided assistance to us during our audit. If you have any questions regarding any of the suggestions noted above or would like assistance in their implementation, please contact me.

Sincerely,

*McGuire & McDole*

McGuire & McDole  
Certified Public Accountants

***BEDFORD TOWNSHIP***

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***Monroe County, Michigan***

***FINANCIAL STATEMENTS***  
***FOR THE YEAR ENDED JUNE 30, 2006***

*Prepared by:*

*Department of Finance*

**Comprehensive Annual Financial Report  
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## ***Introductory Section***



8100 Jackman Road  
Post Office Box H  
Temperance, Michigan 48182-0607  
(734) 847-6791  
FAX: (734) 847-7809

Walter C. Wilburn  
*Supervisor*  
Robert A Schockman  
*Clerk*  
Sherri S. Meyer  
*Treasurer*  
Dennis D. Steinman  
Paul R. Francis  
Lawrence R. O'Dell  
Richard A. Steiner, Jr.  
*Trustees*

October 20, 2006

**Honorable Members of the Bedford Township Board  
And Citizens of Bedford Township:**

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Bedford Township for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of Bedford Township. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of Bedford Township has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Bedford Township's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Bedford Township's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Bedford Township's financial statements have been audited by McGuire & McDole, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Bedford Township for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, that there was a reasonable basis for rendering an unqualified opinion that Bedford Township's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Bedford Township's MD&A can be found immediately following the report of the independent auditors.

**Profile of the Government**

The Township was organized in 1836, is located in the southeastern part of the state and covers an area of approximately 39 square miles. The Township operates under an elected Board (7 members) and provides services to its more than 31,000 residents in many areas including police and fire protection, community enrichment and development and human services.

Bedford Township is empowered to levy a property tax on both real and personal properties within its boundaries. Policy-making and legislative authority are vested in the township board consisting of the supervisor, clerk, treasurer and four trustees. The township board is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The township's full time officials (supervisor, clerk, treasurer) are responsible for carrying out the policies and ordinances of the township board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. All board members are elected at-large and serve a four year term.

Bedford Township also is financially accountable for a legally separate economic development corporation and a legally separated downtown development authority, both of which are reported separately within Bedford Township's financial statements. Additional information on these legally separate entities can be found in note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the Bedford Township's financial planning and control. All agencies of Bedford Township are required to submit requests for appropriation to the Township supervisor. The government's supervisor uses these requests as the starting point for developing a proposed budget. The government's supervisor then presents this proposed budget to the board for review. The board is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of Bedford Township's fiscal year. The appropriated budget is prepared by fund and department (e.g. planning). The supervisor may make transfers of appropriations within departments. Transfers between departments, however, require the special approval of the governing body. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on Page 38 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the general fund, this comparison is presented in the supplementary information subsection of this report, which starts on Page 41.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Bedford Township operates.

**Local economy:** Bedford Township currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate.

Bedford Township has an employed labor force of approximately 16,400, which has increased slightly each year over the past few years.

**Long-term financial planning:** The township board has explored the costs associated with expanding the capacity of the township's waste water treatment plant. At its current location, engineering studies indicate that additional capacity can be installed on site to meet future demands for sanitary services on portions of the township not yet served. The cost of expansion has been determined, bonds sold and user rates calculated for the payment of bond principal and interest.

The township board will also be faced with serious issues in managing general fund spending. If the financial condition of the state does not improve in the next five years, the delivery of the current level of high quality services will be difficult. State shared revenues delivered to the township have been substantially reduced over that past five years and continued use of the general fund reserve to balance the budget containing the current level and quality of services cannot continue indefinitely. In the near term, the township board will determine which services currently provided, will be reduced or eliminated. Further, the board will have to determine if fees will be increased for users of services and/or if it will be necessary to implement a reduction in staff to balance the general fund budget. In the long term, one or more of the alternatives may be implemented. Capital improvements will be carefully reviewed and considered as funding for such improvements will also be limited.

**Cash management policies and practices:** Cash temporarily idle during the year was invested in certificates of deposit. The maturities of the investments average 12 months. The average yield on investments was 2.5 percent for the government.

**Risk management:** The Township purchases commercial insurance for all risks of losses. Additional information on the Bedford Township's risk management activity can be found on Note 11 of the notes to the financial statements.

**Pension and other post employment benefits:** Bedford Township sponsors a single-employer defined contribution pension plan for its employees. Bedford Township fully funds each year's annual required contribution to the pension plan.

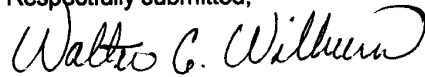
Bedford Township also provides post-employment health and dental care benefits for certain retirees and their spouses. As of the end of the current fiscal year, there were 3 retired employees receiving these benefits which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. Additional information on the Bedford Township's pension arrangements and post employment benefits can be found in Note 12 of the notes to the financial statements.

#### **Awards and Acknowledgements:**

The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to Bedford Township for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the fourteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administrative department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the township board for the unfailing support for maintaining the highest standards of professionalism in the management of Bedford Township's finances.

Respectfully submitted,



Supervisor  
Walter C. Wilburn



Finance Director  
Andrew J. Gurecky



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Bedford Township  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

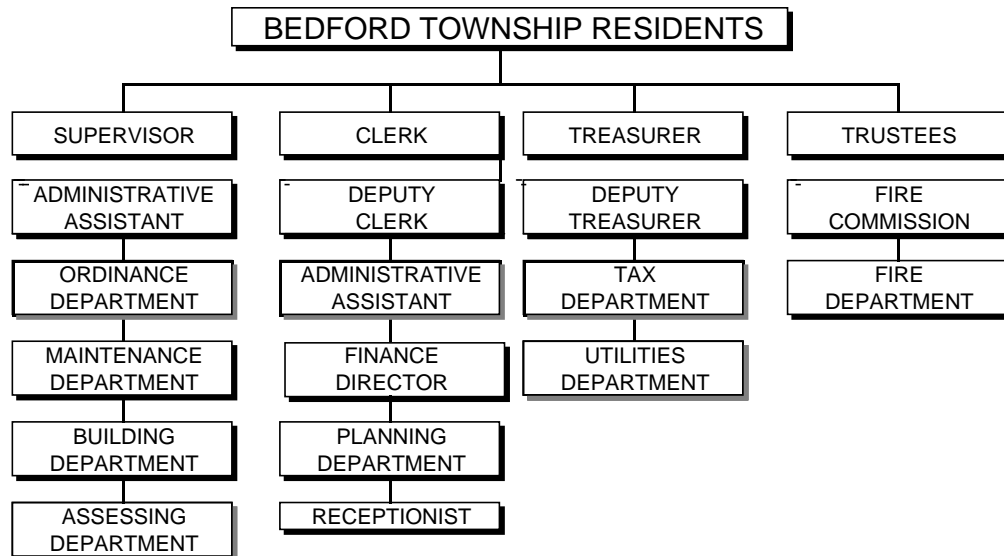


President

Executive Director

**BEDFORD TOWNSHIP**

**ORGANIZATION CHART**



***BEDFORD TOWNSHIP***

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***LIST OF ELECTED AND APPOINTED OFFICIALS***

***ELECTED OFFICIALS***

Walter C. Wilburn	Supervisor
Robert A. Schockman	Clerk
Sherri S. Meyer	Treasurer
Paul R. Francis	Trustee
Richard A. Steiner, Jr.	Trustee
Lawrence R. O'Dell	Trustee
Dennis D. Steinman	Trustee

***APPOINTED OFFICIALS***

Andrew Gurecky	Finance Director
Dennis Kolar	Building Inspector
Chris Renius	Assessing Department
Dennis Jenkins	Planning and Zoning Director
John Bofia	Fire Chief

## ***Financial Section***



INDEPENDENT AUDITOR'S REPORT

Township Board  
Bedford Township  
Temperance, MI 48182

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Bedford, Michigan as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bedford Township, Michigan as of June 30, 2006, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 8 through 14 and 38 through 40 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion in it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Bedford's basic financial statements. The supplementary combining nonmajor fund financial statements and budgetary comparisons are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary combining nonmajor fund financial statements and budgetary comparisons have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGuire & McDole*

McGuire & McDole  
Certified Public Accountants

October 20, 2006

As management of Bedford Township, we offer readers of Bedford Township's financial statements this narrative overview and analysis of the financial activities of Bedford Township for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report.

### ***Financial Highlights***

The assets of Bedford Township exceeded its liabilities at the close of the most recent fiscal year by \$41,998,058 (*net assets*). Of this amount, \$11,087,944 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$1,905,542. This increase is attributable to a new assessment district and its related revenues.

As of the close of the current fiscal year, Bedford Township's governmental funds reported combined ending fund balances of \$8,209,775, a decrease of \$295,526 in comparison with the prior year. Approximately 64 percent of this total amount, \$5,244,170, is available for spending at the government's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,184,607, or 63 percent of total general fund expenditures.

Bedford Township's total debt increased by \$420,000 (4 percent) during the current fiscal year.

### ***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to Bedford Township's basic financial statements. Bedford Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

*Government-wide financial statements* The government-wide financial statements are designed to provide readers with a broad overview of Bedford Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Bedford Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Bedford Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Bedford Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Bedford Township include general government, public safety, highways and streets, economic development, and community enrichment and recreation. The business type activities of Bedford Township include water and sewer activities.

The government-wide financial statements include not only Bedford Township itself (known as the primary government), but also a legally separate Downtown Development Authority, Economic Development Authority and a Brownfield Redevelopment Authority for which Bedford Township is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-16 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bedford Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Bedford Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Bedford Township maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, fire, water, Greenhills debt and library funds, which are considered to be major funds. Data from the eleven other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Bedford Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-18 of this report.

**Proprietary funds.** Bedford Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Bedford Township uses enterprise funds to account for its Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer operations, which is considered to be a major fund of Bedford Township.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Bedford Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-37 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is found on pages 38-40 of this report.

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds can be found on pages 41-51 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Bedford Township, assets exceeded liabilities by \$41,998,058 at the close of the most recent fiscal year.

By far the largest portion of the Bedford Township's net assets (55 percent) reflects its investment in capital assets (e.g., land, building, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Bedford Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Bedford Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### **Bedford Township's Net Assets**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Current and other assets	\$ 12,213,751	\$ 10,641,754	\$ 9,238,394	\$ 9,181,233	\$ 21,452,145	\$ 19,822,987
Capital assets	11,165,654	11,112,157	19,837,246	19,225,959	31,002,900	30,338,116
Total assets	23,379,405	21,753,911	29,075,640	28,407,192	52,455,045	50,161,103
Long-term liabilities						
outstanding	4,809,900	5,729,900	3,525,000	2,565,000	8,334,900	8,294,900
Other liabilities	1,494,456	1,295,818	627,631	477,869	2,122,087	1,773,687
Total liabilities	6,304,356	7,025,718	4,152,631	3,042,869	10,456,987	10,068,587
Net assets:						
Invested in capital assets,						
net of related debt	7,140,654	6,492,157	15,922,246	16,325,959	23,062,900	22,818,116
Restricted	2,964,900	3,059,797	4,881,609	4,839,800	7,847,214	7,899,597
Unrestricted	6,969,495	5,176,239	4,119,154	4,198,564	11,087,944	9,374,803
Total net assets	\$ 17,075,049	\$ 14,728,193	\$ 24,923,009	\$ 25,364,323	\$ 41,998,058	\$ 40,092,516

An additional portion of Bedford Township's net assets (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11,087,944) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Bedford Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a increase of \$41,809 in restricted net assets reported in connection with the Bedford Township's business-type activities.

The government's net assets increased by \$1,905,542 during the current fiscal year. This is mainly attributable to an increase in assessment revenue from the prior year.



**Governmental activities.** Governmental activities increased Bedford Township's net assets by \$2,346,856.

Key elements of this decrease are as follows:

**Bedford Township's Changes in Net Assets**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Revenues:						
Program revenues:						
Charges for services	\$ 408,531	\$ 503,247	\$ 2,535,469	\$ 2,294,851	\$ 2,944,000	\$ 2,798,098
Operating grants and contributions	114,972	111,842			114,972	111,842
Capital grants and contributions	1,998,403	880,977	-	-	1,998,403	880,977
General revenues:						
Property taxes	2,864,806	2,670,450	-	-	2,864,806	2,670,450
State shared revenues	2,026,757	2,049,562	-	-	2,026,757	2,049,562
Franchise fees and permits	192,365	193,000	-	-	192,365	193,000
Interest and other	760,871	(631,271)	288,168	122,103	1,049,039	(509,168)
Total revenues	<u>8,366,705</u>	<u>5,777,807</u>	<u>2,823,637</u>	<u>2,416,954</u>	<u>11,190,342</u>	<u>8,194,761</u>
Expenses:						
General government	2,465,828	2,278,692	-	-	2,465,828	2,278,692
Public safety	2,048,039	1,864,720	-	-	2,048,039	1,864,720
Public works	880,837	1,050,348	-	-	880,837	1,050,348
Culture and recreation	422,436	332,408	-	-	422,436	332,408
Interest on long-term debt	202,709	271,317	-	-	202,709	271,317
Sewer	-	-	3,264,951	2,586,472	3,264,951	2,586,472
Total expenses	<u>6,019,849</u>	<u>5,797,485</u>	<u>3,264,951</u>	<u>2,586,472</u>	<u>9,284,800</u>	<u>8,383,957</u>
Increase in net assets	2,346,856	(19,678)	(441,314)	(169,518)	1,905,542	(189,196)
Net assets - beginning	14,728,193	14,747,871	25,364,323	25,533,841	40,092,516	40,281,712
Net assets - ending	<u>\$ 17,075,049</u>	<u>\$ 14,728,193</u>	<u>\$ 24,923,009</u>	<u>\$ 25,364,323</u>	<u>\$ 41,998,058</u>	<u>\$ 40,092,516</u>

Property taxes increased by \$194,356 (7 percent) during the year. Most of this increase is the product of an increase in taxable value of property and new construction.

State shared revenues decreased 1 percent due to budget constraints of the State of Michigan.

Expenses were increased overall from the prior year, all categories increased with the exception of Interest and Public Works.

Capital contributions increased by \$1,117,426.

**Business-type activities.** Business-type activities decreased the Bedford Township's net assets by \$441,314. Key elements of this increase are as follows.

\* Charges for services for business-type activities increased by 9.5 percent. The Sewer system accounts for all of this increase, which resulted from the approval of a rate increase designed primarily to provide additional resources to meet debt requirements. Revenues also increased as result of a modest increase in demand in the Sewer system.

\*Expenses increased overall by \$678,479, however expenses continue to exceed revenues.

### **Financial Analysis of the Government's Funds**

As noted earlier Bedford Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Bedford Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Bedford Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Bedford Township's governmental funds reported combined ending fund balances of \$8,209,775, a decrease of \$295,526 in comparison with the prior year. Approximately 64 percent of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to road construction and capital improvements, 2) to pay debt service, and 3) to acquire land.

The general fund is the chief operating fund of the Bedford Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,184,607, while total fund balance reached \$3,348,110. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 63 percent of total general fund expenditures, while total fund balance represents 97 percent of that same amount.

The fund balance of Bedford Township's general fund decreased by \$59,236 during the current fiscal year. Key growth factors are as follows:

\*An increase in property taxes of \$46,872.

\*All other revenues of the general fund increased by \$164,378.

\*Expenditures increased by \$459,364 attributable to General Government and Public Works.

The fire fund has a total fund balance of \$1,154,805, all of which \$465,000 is reserved for capital improvements.

The library fund has a total fund balance of \$804,727. The net increase for the year was \$108,337.

**Proprietary fund.** Bedford Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer system at the end of the year amounted to \$4,119,154. The total decrease in net assets was \$441,314. Other factors concerning the finances of this fund has already been addressed in the discussion of the Bedford Township's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were approximately 15% and can briefly summarized as follows:

- \* \$338,650 in miscellaneous increases in general government activities
- \* \$123,500 in increases allocated to public works

This increase was to be budgeted from available fund balance and increased revenues. During the year, however, budgetary expenditures were less than budgetary estimates, thus eliminating the need to draw on existing fund balance.

### **Capital Asset and Debt Administration**

**Capital assets.** Bedford Township's investment in capital assets for its governmental and business type activities as of June 30, 2006, amounts to \$31,002,900 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and park facilities,.

*Major capital asset events during the current fiscal year included the following:*

- \* Acquisition of land for a park and cemetery.
- \* Commencement of improvements to the sewer treatment plant.

### **Bedford Township's Capital Assets (net of depreciation)**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Land	\$ 636,785	\$ 286,350	\$ 40,000	\$ 40,000	\$ 676,785	\$ 326,350
Buildings and system	5,420,432	5,563,590	18,452,519	19,133,363	23,872,951	24,696,953
Improvements other than buildings	101,614	97,340	-	-	101,614	97,340
Machinery and equipment	2,371,040	2,510,256	67,721	52,596	2,438,761	2,562,852
Infrastructure	2,635,783	2,382,326	-	-	2,635,783	2,382,326
Construction in progress	-	272,295	1,277,006	-	1,277,006	272,295
Total	<u>\$ 11,165,654</u>	<u>\$ 11,112,157</u>	<u>\$ 19,837,246</u>	<u>\$ 19,225,959</u>	<u>\$ 31,002,900</u>	<u>\$ 30,338,116</u>

Additional information on Bedford Township's capital assets can be found in note 6 on pages 33-34 of this report.

**Long-term debt.** At the end of the current fiscal year, the Bedford Township had total bonded debt outstanding of \$9,661,800. Of this amount, \$6,746,800 comprises county contracts and \$2,915,000 is limited tax general obligation debt.

**Bedford Township's Outstanding Debt  
County Contracts and Limited Tax General Obligation**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
County Contractual Obligations	\$ 2,831,800	\$ 3,316,800	\$ 3,915,000	\$ 2,900,000	\$ 6,746,800	\$ 6,216,800
Limited Tax General Obligation						
Bonds	<u>2,915,000</u>	<u>3,325,000</u>	<u>-</u>	<u>-</u>	<u>2,915,000</u>	<u>3,325,000</u>
Total	<u>\$ 5,746,800</u>	<u>\$ 6,641,800</u>	<u>\$ 3,915,000</u>	<u>\$ 2,900,000</u>	<u>\$ 9,661,800</u>	<u>\$ 9,541,800</u>

Bedford Township's total debt increased by \$120,000 during the current fiscal year.

Bedford Township and its Sewer systems both maintain a "A+" rating from Standard & Poor's and Fitch and a "Aa" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the Bedford Township is \$57,463,151, which is significantly in excess of Bedford Township's outstanding general obligation debt.

Additional information on the Bedford Township's long-term debt can be found in note 9 on page 35 of this report.

***Economic Factors and Next Year's Budgets and Rates .***

The unemployment rate for Bedford Township is currently 5.1 percent, which is a decrease from a rate of 5.2 percent a year ago. This compares favorably to the state's average unemployment rate of 6.5 percent and unfavorably to the national average rate of 4.6.

Residential growth is expected to continue but at a more moderate rate.

These factors were considered in preparing Bedford Township's budget for the 2007 fiscal year.

During the current fiscal year, the unreserved fund balance in the general fund increased to \$2,184,607. Bedford Township has appropriated \$205,475 of this amount for spending in the 2007 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2007 fiscal year. The Sewer rates were increased for the 2007 budget year. The sewer rates were increased by an average of 9.75 percent for all customers.

***Requests for Information***

This financial report is designed to provide a general overview of the Bedford Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 8100 Jackman Road, PO Box H, Temperance, MI 48182.

GOVERNMENT WIDE STATEMENT OF NET ASSETS  
JUNE 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business - Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 8,038,857	\$ 3,302,451	\$ 11,341,308	\$ 578,694
Receivables (Net of Allowance for Uncollectibles):				
Accounts	23,288	997,515	1,020,803	-
Assessments	3,417,694	-	3,417,694	255,783
Tap-Ins	2,414	-	2,414	-
Loans	111,423	-	111,423	-
Grants	29,626	-	29,626	-
Prepaid Expenses	155,947	275	156,222	-
Due From State of Michigan	370,355	-	370,355	-
Internal Balances	20,332	(20,332)	-	-
Restricted Cash With Fiscal Agent	43,815	4,958,485	5,002,300	-
Capital Assets:				
Land	636,785	40,000	676,785	-
Buildings and System	6,564,929	34,042,275	40,607,204	-
Improvements Other than Buildings	103,440	-	103,440	5,200
Machinery and Equipment	6,028,878	487,234	6,516,112	-
Infrastructure	2,896,987	-	2,896,987	32,672
Construction in Progress	-	1,277,006	1,277,006	-
Less Accumulated Depreciation	(5,065,365)	(16,009,269)	(21,074,634)	(8,468)
Total Assets	23,379,405	29,075,640	52,455,045	863,881
<b>Liabilities</b>				
Accounts Payable	397,781	210,136	607,917	205
Inspection Fees Payable	-	-	-	-
Accrued Wages	38,105	1,483	39,588	-
Accrued Compensated Absences	85,122	7,210	92,332	-
Accrued Payroll Taxes	6,347	306	6,653	-
Accrued Interest Payable	30,201	16,175	46,376	7,400
Due to County	-	2,321	2,321	-
Noncurrent Liabilities:				
Due Within One Year	936,900	390,000	1,326,900	110,883
Due in More Than One Year	4,809,900	3,525,000	8,334,900	641,623
Total Liabilities	6,304,356	4,152,631	10,456,987	760,111
<b>Net Assets</b>				
Invested in Capital Assets Net of Related Debt	7,140,654	15,922,246	23,062,900	29,404
Restricted for:				
Road Construction	50,000	-	50,000	-
Building Improvements	1,465,000	-	1,465,000	-
System Replacement	-	3,452,000	3,452,000	-
Debt Service	1,294,658	1,429,609	2,724,267	-
Other	155,947	-	155,947	-
Unrestricted	6,968,790	4,119,154	11,087,944	74,366
Total Net Assets	\$ 17,075,049	\$ 24,923,009	\$ 41,998,058	\$ 103,770

See Accompanying Notes to the Financial Statements.

**BEDFORD TOWNSHIP**

**GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 2,465,828	\$ 39,008	\$ -	\$ -	\$ (2,426,820)	\$ -	\$ (2,426,820)	\$ -
Public Safety	2,048,039	369,523	114,972	-	(1,563,544)	-	(1,563,544)	-
Public Works	880,837		-	1,998,403	1,117,566	-	1,117,566	-
Culture and Recreation	422,436		-	-	(422,436)	-	(422,436)	-
Interest on Long-Term Debt	202,709		-	-	(202,709)	-	(202,709)	-
Total Governmental Activities	<u>6,019,849</u>	<u>408,531</u>	<u>114,972</u>	<u>1,998,403</u>	<u>(3,497,943)</u>	<u>-</u>	<u>(3,497,943)</u>	<u>-</u>
Business-Type Activities:								
Sewer	<u>3,264,951</u>	<u>2,535,469</u>	<u>-</u>			<u>(729,482)</u>	<u>(729,482)</u>	<u>-</u>
Total Business-type Activities	<u>3,264,951</u>	<u>2,535,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(729,482)</u>	<u>(729,482)</u>	<u>-</u>
Component Units	<u>65,483</u>	<u>1,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,948)</u>
Total Primary Government	<u>\$ 9,350,283</u>	<u>\$ 2,945,535</u>	<u>\$ 114,972</u>	<u>\$ 1,998,403</u>	<u>(3,497,943)</u>	<u>(729,482)</u>	<u>(4,227,425)</u>	<u>(63,948)</u>
General Revenues:								
Property Taxes					2,864,806	-	2,864,806	218,594
State Shared Revenues					2,026,757	-	2,026,757	-
Franchise Fees					192,365	-	192,365	-
Unresricted Investment Earnings					366,155	288,168	654,323	35,431
Miscellaneous					394,716	-	394,716	15,372
Total General Revenues and Transfers					<u>5,844,799</u>	<u>288,168</u>	<u>6,132,967</u>	<u>269,397</u>
Change in Net Assets					2,346,856	(441,314)	1,905,542	205,449
Net Assets - Beginning					<u>14,728,193</u>	<u>25,364,323</u>	<u>40,092,516</u>	<u>(101,679)</u>
Net Assets - Ending					<u>\$ 17,075,049</u>	<u>\$ 24,923,009</u>	<u>\$ 41,998,058</u>	<u>103,770</u>

See Accompanying Notes to the Financial Statements.

**BEDFORD TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2006**

	<u>General</u>	<u>Fire</u>	<u>Library</u>	<u>Water</u>	<u>Greenhill Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Cash and Cash Equivalents	\$ 2,999,780	\$ 1,153,198	\$ 806,624	\$ 1,960,289	\$ -	\$ 1,118,966	\$ 8,038,857
Accounts Receivable	19,104	-	-	1,472	-	2,712	23,288
Prepaid Costs	113,503	30,190	705	-	-	11,549	155,947
Loans Receivable	-	-	-	-	-	111,423	111,423
Grants Receivable	-	-	-	-	-	29,626	29,626
Tap-Ins Receivable	-	-	-	2,414	-	-	2,414
Assessments Receivable	52,870	-	-	1,152,565	1,858,896	353,363	3,417,694
Due From Other Funds	209,636	-	-	-	-	2,925	212,561
Due From State of Michigan	370,355	-	-	-	-	-	370,355
Restricted Cash	-	-	-	-	-	43,815	43,815
Total Assets	<u>\$ 3,765,248</u>	<u>\$ 1,183,388</u>	<u>\$ 807,329</u>	<u>\$ 3,116,740</u>	<u>\$ 1,858,896</u>	<u>\$ 1,674,379</u>	<u>\$ 12,405,980</u>
<b>Liabilities</b>							
Accounts Payable	\$ 329,247	\$ 25,854	\$ 2,347	\$ 18,831	-	\$ 21,502	\$ 397,781
Accrued Wages	27,263	2,299	255	-	-	8,288	38,105
Accrued Payroll Taxes	4,758	430	-	-	-	1,159	6,347
Compensated Absences Payable	3,000	-	-	-	-	-	3,000
Due to Other Funds	-	-	-	-	-	192,229	192,229
Deferred Revenue	52,870	-	-	1,152,565	1,858,896	494,412	3,558,743
Total Liabilities	<u>417,138</u>	<u>28,583</u>	<u>2,602</u>	<u>1,171,396</u>	<u>1,858,896</u>	<u>717,590</u>	<u>4,196,205</u>
<b>Fund Balances</b>							
<b>Fund Balances:</b>							
Reserved for:							
Road Construction	50,000	-	-	-	-	-	50,000
Capital Improvements	1,000,000	465,000	-	-	-	-	1,465,000
Debt	-	-	-	758,292	-	536,366	1,294,658
Prepaid Expense	113,503	30,190	705	-	-	11,549	155,947
Unreserved, Reported in:							
General Fund	2,184,607	-	-	-	-	-	2,184,607
Capital Projects	-	-	-	-	-	(123,189)	(123,189)
Special Revenue Funds	-	659,615	804,022	1,187,052	-	532,063	3,182,752
Total Fund Balances	<u>3,348,110</u>	<u>1,154,805</u>	<u>804,727</u>	<u>1,945,344</u>	<u>-</u>	<u>956,789</u>	<u>8,209,775</u>
Total Liabilities and Fund Balances	<u>\$ 3,765,248</u>	<u>\$ 1,183,388</u>	<u>\$ 807,329</u>	<u>\$ 3,116,740</u>	<u>\$ 1,858,896</u>	<u>\$ 1,674,379</u>	
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							11,165,654
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.							3,558,743
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.							(5,859,123)
<b>Net Assets of Governmental Activities</b>							<u><u>\$ 17,075,049</u></u>

See Accompanying Notes to the Financial Statements.

**BEDFORD TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<u>General</u>	<u>Fire</u>	<u>Library</u>	<u>Water</u>	<u>Greenhill Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>							
Taxes	\$ 796,067	\$ 847,631	\$ 678,124	\$ -	\$ -	\$ 542,984	\$ 2,864,806
Licenses and Permits	208,692	-	-	-	-	353,196	561,888
Intergovernmental:							
State Grants	2,026,757	-	-	-	-	-	2,026,757
Charges for Services	39,008	-	-	-	-	-	39,008
Assessments	-	114,972	-	214,173	-	96,909	426,054
Fines and Forfeits	37,106	-	-	-	-	-	37,106
Interest	118,375	38,166	31,811	118,176	-	59,627	366,155
Other Revenues	242,528	1,979	10,209	49,228	-	50,987	354,931
Total Revenues	<u>3,468,533</u>	<u>1,002,748</u>	<u>720,144</u>	<u>381,577</u>	<u>-</u>	<u>1,103,703</u>	<u>6,676,705</u>
<b>Expenditures:</b>							
Current:							
General Government	2,279,331	-	-	-	-	149,577	2,428,908
Public Safety	651,201	678,454	-	-	-	388,922	1,718,577
Public Works	387,344	-	-	14,978	-	411,057	813,379
Recreational and Cultural	-	-	104,737	-	-	142,957	247,694
Other	-	-	-	-	-	-	-
Capital Outlay	-	147,464	8,137	-	-	481,312	636,913
Debt Service:							
Principal	100,000	-	410,000	185,000	-	225,166	920,166
Interest and Fiscal Charges	27,620	-	88,933	36,418	-	53,623	206,594
Total Expenditures	<u>3,445,496</u>	<u>825,918</u>	<u>611,807</u>	<u>236,396</u>	<u>-</u>	<u>1,852,614</u>	<u>6,972,231</u>
Excess of Revenue Over (Under) Expenditures	<u>23,037</u>	<u>176,830</u>	<u>108,337</u>	<u>145,181</u>	<u>-</u>	<u>(748,911)</u>	<u>(295,526)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers In	64,177	-	-	-	-	146,450	210,627
Transfers Out	(146,450)	-	-	-	-	(64,177)	(210,627)
Total Other Financing Sources (Uses)	<u>(82,273)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,273</u>	<u>-</u>
Net Change in Fund Balances	(59,236)	176,830	108,337	145,181	-	(666,638)	(295,526)
Fund Balance - Beginning	<u>3,407,346</u>	<u>977,975</u>	<u>696,390</u>	<u>1,800,163</u>	<u>-</u>	<u>1,623,427</u>	
Fund Balance - Ending	<u>\$ 3,348,110</u>	<u>\$ 1,154,805</u>	<u>\$ 804,727</u>	<u>\$ 1,945,344</u>	<u>\$ -</u>	<u>\$ 956,789</u>	

Amounts reported for governmental activities in the statement of activities are different because:

-Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

53,497

-Special assessment and similar revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

1,690,000

-Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)

895,000

-Increases in accumulated employee vacation pay and similar expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

3,885

**Change in Net Assets of Governmental Activities**

\$ 2,346,856

See Accompanying Notes to the Financial Statements.



**BEDFORD TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2006**

	<i>Business-type Activities - Enterprise Funds</i>	
	<i>Sewer Fund Current Year</i>	<i>Sewer Fund Prior Year</i>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,302,451	\$ 3,378,064
Accounts Receivable	997,515	873,800
Prepaid Expense	275	2,562
Total Current Assets	<u>4,300,241</u>	<u>4,254,426</u>
Noncurrent Assets		
Cash With Fiscal Agent	4,958,485	4,944,109
Capital Assets		
Land	40,000	40,000
Construction in Progress	1,277,006	-
Buildings and System	34,042,275	34,042,275
Machinery and Equipment	487,234	449,656
Less Accumulated Depreciation	<u>(16,009,269)</u>	<u>(15,305,972)</u>
Total Assets	<u>29,095,972</u>	<u>28,424,494</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	210,136	114,336
Accrued Wages	1,483	1,374
Compensated Absences	7,210	7,883
Accrued Payroll Taxes	306	284
Accrued Interest Payable	16,175	16,175
Due to Other Funds	20,332	17,302
Due to County	2,321	2,817
Current Portion of Noncurrent Liabilities	<u>390,000</u>	<u>335,000</u>
Total Current Liabilities	<u>647,963</u>	<u>495,171</u>
Noncurrent Liabilities		
Bonds Payable	<u>3,525,000</u>	<u>2,565,000</u>
Total Liabilities	<u>4,172,963</u>	<u>3,060,171</u>
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	15,922,246	16,325,959
Restricted For Replacement	3,452,000	3,717,300
Restricted For Debt Retirement	1,429,609	1,122,500
Unrestricted	<u>4,119,154</u>	<u>4,198,564</u>
Total Net Assets	<u>\$ 24,923,009</u>	<u>\$ 25,364,323</u>

See Accompanying Notes to the Financial Statements.

## STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

	<i>Business-type Activities - Enterprise Funds</i>	
	<i>Sewer Fund Current Year</i>	<i>Sewer Fund Prior Year</i>
Operating Revenue:		
Use Charges	\$ 2,445,102	\$ 2,180,835
Tap-In Fees	67,875	93,531
Penalties	22,492	20,485
Total Operating Revenue	<u>2,535,469</u>	<u>2,294,851</u>
Operating Expenses:		
Contracted Operations and Maintenance	2,302,683	1,665,610
Depreciation	703,298	698,444
Office Salaries	54,577	61,091
Office Supplies	8,505	7,233
Professional Fees	8,045	9,585
Employees' Fringe Benefits	39,806	20,991
Administrative Expense	21,388	20,691
Maintenance	30,846	20,878
Other	15,507	20,889
Total Operating Expenses	<u>3,184,655</u>	<u>2,525,412</u>
Operating Income	<u>(649,186)</u>	<u>(230,561)</u>
Non-Operating Revenue:		
Interest Revenue	288,168	122,103
Non-Operating Expenses:		
Interest Expense	<u>(80,296)</u>	<u>(61,060)</u>
Net Income	<u>(441,314)</u>	<u>(169,518)</u>
Total Net Assets - Beginning	<u>25,364,323</u>	<u>25,533,841</u>
Total Net Assets - Ending	<u>\$ 24,923,009</u>	<u>\$ 25,364,323</u>

See Accompanying Notes to the Financial Statements.

**BEDFORD TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Business-type Activities - Enterprise Funds</i>	
	<i>Sewer Fund Current Year</i>	<i>Sewer Fund Prior Year</i>
<i>Cash Flows from Operating Activities:</i>		
Receipts from customers and users	\$ 2,411,754	\$ 2,188,619
Payments to suppliers	(2,326,685)	(1,749,885)
Payments to employees	(54,668)	(57,376)
Net Cash Provided by Operating Activities	30,401	381,358
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Purchase of Capital Assets	(1,314,510)	-
Sale of Capital Assets	-	9,281
Principal Paid on Bonds	(335,000)	(335,000)
Issuance of Bonds	1,350,000	-
Interest Paid on Bonds	(80,296)	(61,060)
Net Cash Used For Capital and Related Financing Activities	(379,806)	(386,779)
<i>Cash Flows from Investing Activities:</i>		
Interest on Investments	288,168	122,103
Net Cash Provided by Investing Activities	288,168	122,103
Net Increase In Cash and Cash Equivalents	(61,237)	116,682
Cash and Cash Equivalents - Beginning	8,322,173	8,205,491
Cash and Cash Equivalents - Ending	\$ 8,260,936	\$ 8,322,173
<i>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</i>		
Operating Income	\$ (649,186)	\$ (230,561)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	703,298	698,444
Changes in Current Assets and Liabilities:		
Accounts Receivable	(123,715)	(106,232)
Accounts Payable	95,725	23,236
Accrued Wages	109	189
Compensated Absences	(673)	3,526
Accrued Payroll Taxes	22	39
Due to Other Funds	3,030	(5,906)
Due to Monroe County	(496)	(1,000)
Prepaid Expense	2,287	(377)
Total Adjustments and Changes	679,587	611,919
Net Cash Provided By Operating Activities	\$ 30,401	\$ 381,358

See Accompanying Notes to the Financial Statements.

**BEDFORD TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2006**

	<i>Pension Fund</i>	<i>Cemetery Fund</i>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and Cash Equivalents	\$           -	\$       5,576
Investments at Fair Value:		
Mutual Funds	<u>1,424,605</u>	<u>          -</u>
Total Assets	1,424,605	5,576
<b>Liabilities</b>		
Due to Others	<u>          -</u>	<u>          -</u>
Total Liabilities	<u>          -</u>	<u>          -</u>
<b>Net Assets</b>		
Held in Trust for Pension Benefits and Other Purposes	<u><u>\$ 1,424,605</u></u>	<u><u>\$ 5,576</u></u>

See Accompanying Notes to the Financial Statements.

**BEDFORD TOWNSHIP**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Pension Fund</i>	<i>Cemetery Fund</i>
<b>Additions:</b>		
Contributions:		
Employer	\$ 148,103	\$ -
Plan Members	6,405	-
Total Contributions	<u>154,508</u>	<u>-</u>
Investment Earnings	<u>49,361</u>	<u>201</u>
Total Additions	<u>203,869</u>	<u>201</u>
<b>Deductions:</b>		
Administrative Expenses	10,316	-
Benefits	9,256	-
Total Deductions	<u>19,572</u>	<u>-</u>
Net Change	184,297	201
Net Assets - Beginning	<u>1,240,308</u>	<u>5,375</u>
Net Assets - Ending	<u><u>\$ 1,424,605</u></u>	<u><u>\$ 5,576</u></u>

See Accompanying Notes to the Financial Statements.

**BEDFORD TOWNSHIP****STATEMENT OF NET ASSETS - COMPONENT UNITS**

JUNE 30, 2006

	<i>Economic Development Corporation</i>	<i>Downtown Development Authority</i>	<i>Brownfield Redevelopment Authority</i>	<i>Total Component Units</i>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 12,430	\$ 566,264	\$ -	\$ 578,694
Investments				-
Receivables (Net of Allowance for Uncollectibles):				
Assessments	-	255,783	-	255,783
Accounts	-		-	-
Prepaid Expenses	-		-	-
Capital Assets:				-
Improvements Other than Buildings	5,200	-	-	5,200
Infrastructure	-	32,672	-	32,672
Less Accumulated Depreciation	(5,200)	(3,268)	-	(8,468)
Total Assets	12,430	851,451	-	863,881
<b>Liabilities</b>				
Accounts Payable	-	-	205	205
Accrued Interest Payable	-	7,400	-	7,400
Noncurrent Liabilities:				
Due Within One Year	-	110,883	-	110,883
Due in More Than One Year	-	641,623	-	641,623
Total Liabilities	-	759,906	205	760,111
<b>Net Assets</b>				
Invested in Capital Assets Net of Related Debt	-	29,404	-	29,404
Unrestricted	12,430	62,141	(205)	74,366
Total Net Assets	\$ 12,430	\$ 91,545	\$ (205)	\$ 103,770

See Accompanying Notes to the Financial Statements.

**BEDFORD TOWNSHIP**

**STATEMENT OF ACTIVITIES - COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2006**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>			<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Economic Development Authority</u>	<u>Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	
<i>Economic Development Authority</i>								
General Government	\$ 17,321	\$ -	\$ -	\$ -	\$ (17,321)	\$ -	\$ -	\$ (17,321)
				-	-	-		-
<i>Downtown Development Authority</i>				-	-	-		-
General Government	5,300	-	-	-	-	(5,300)		(5,300)
Interest on Long-Term Debt	41,122	-	-	-	-	(41,122)		(41,122)
	<u>46,422</u>	<u>-</u>	<u>-</u>	<u>-</u>				
<i>Brownfield Redevelopment Authority</i>								
General Government	<u>1,740</u>	<u>1,535</u>	<u>-</u>	<u>-</u>			<u>(205)</u>	<u>(205)</u>
 Total Component Units	 <u>\$ 65,483</u>	 <u>\$ 1,535</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>(17,321)</u>	 <u>(46,422)</u>	 <u>(205)</u>	 <u>(63,948)</u>
General Revenues:								
Property Taxes					-	218,594	-	218,594
Miscellaneous					15,372	-	-	15,372
Unrestricted Investment Earnings					107	35,324	-	35,431
Transfers					-	-	-	-
Total General Revenues and Transfers					<u>15,479</u>	<u>253,918</u>	<u>-</u>	<u>269,397</u>
Change in Net Assets					(1,842)	207,496	(205)	205,449
Net Assets - Beginning					<u>14,272</u>	<u>(115,951)</u>	<u>-</u>	<u>(101,679)</u>
Net Assets - Ending					<u>\$ 12,430</u>	<u>\$ 91,545</u>	<u>\$ (205)</u>	<u>\$ 103,770</u>

See Accompanying Notes to the Financial Statements.

- NOTE 1 - Summary of Significant Accounting Policies*
- NOTE 2 - Reconciliation of Government-Wide and Fund Financial Statements*
- NOTE 3 - Stewardship, Compliance and Accountability*
- NOTE 4 - Deposits and Investments*
- NOTE 5 - Receivables*
- NOTE 6 - Capital Assets*
- NOTE 7 - Interfund Receivables, Payables and Transfers*
- NOTE 8 - Leases*
- NOTE 9 - Long-term Debt*
- NOTE 10 - Restricted Assets*
- NOTE 11 - Risk Management*
- NOTE 12 - Other Post-Employment Benefits*
- NOTE 13 - Employee Retirement Plan*
- NOTE 14 - Pending Litigation*
- NOTE 15 - Compensated Absences*
- NOTE 16 - Deferred Compensation Plan*
- NOTE 17 - Monroe County Joint Powers Water Contracts  
(South County Water System)*
- NOTE 18 - Required Supplementary Information*
- NOTE 19 - Conduit Debt*
- NOTE 20 - Subsequent Events*



**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Bedford Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Bedford Township:

**A - Reporting Entity**

Bedford Township is a municipal corporation governed by an elected seven member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

***Blended Component Unit*** - The Township has no blended component units.

***Discretely Presented Component Units*** -The Economic Development Corporation is used to issue bonds to promote commercial and industrial growth. All bonds are issued in accordance with the provisions of Act No. 270 and were to be repaid solely from net revenues received from the project under contract and the bonds shall never constitute a general obligation of the Economic Development Corporation of the Township of Bedford. The Township appoints the governing body of the Corporation, approves budgets, tax levies and debt issues. The Corporation is reported as a governmental fund.

The Downtown Development Authority is a tax increment district that provides infrastructure to promote development or redevelopment. The Authority may issue debt which is repaid from assessments or tax increment captures. The Township appoints the governing body of the Authority, approves budgets, tax levies and debt issues. The Authority is reported as a governmental fund.

The Brownfield Redevelopment Authority is a separate legal entity created to finance environmental cleanup within the Township. The Township appoints the governing body of the Authority, approves budgets, tax levies and debt issues. The Authority is reported as a governmental fund.

Complete financial statements for each of the individual component units may be obtained at the Bedford Township office.

**B - Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C - Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered available only when cash is received by the government.

Bedford Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Bedford Township as of the preceding December 31st. Although the Bedford Township 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the Bedford Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (within 60 days). The 2005 taxable valuation of the Bedford Township totaled \$956.7 million, on which advalorem taxes levied consisted of .7991 mills for the Bedford Township operating purposes, .1407 mills for sewer debt, .9063 mills for fire protection, .7251 mills for library improvements and operations, .2416 mills for park operations, and .1983 mills for bus transportation. The taxes generated are recognized in the respective General, Special Revenue and Debt Service Fund financial statements as taxes receivable - current or as tax revenue.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for specific revenues and fire protection expenses.

The Library Fund accounts for specific revenues and library operations, improvements and related debt service.

The Water Fund accounts for tap and assessment revenues, water system construction and related debt service.

The Greenhills Debt Fund accounts for assessment revenue and related debt service for a road project.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection and treatment system.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Additionally, the government reports the following fund types:

The pension trust fund accounts for the activities of the township employees retirement system which accumulates resources for pension benefit payments to qualified employees.

The cemetery trust fund provides burial services for indigent township residents.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes tap fees as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets**--The bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of Bedford Township's water and sewer lines.

**Capital Assets**--Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Improvements Other than Buildings	5 to 20 years
Machinery and Equipment	3 to 15 years
Water and Sewer Lines	30 to 50 years
Infrastructure	20 to 50 years

**Compensated Absences (Vacation and Sick Leave)**--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick leave pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

**Long-Term Obligations**--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data/Reclassifications**--Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$5,859,123 are as follows:

Bonds payable	\$ (5,746,800)
Accrued interest payable	(30,201)
Compensated absences	<u>(82,122)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (5,859,123)</u></u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "-Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$53,497 are as follows:

Capital outlay	\$ 596,646
Depreciation	<u>(543,149)</u>
	<u><u>\$ 53,497</u></u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$3,885 are as follows:

Compensated absences	<u><u>\$ 3,885</u></u>
----------------------	------------------------

**NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and all special revenue funds. All annual appropriations lapse at fiscal year end. On or before the 1st day of April the Supervisor shall prepare and submit to the Township Board a recommended budget within the tax limit and other revenue sources of the Township covering the next fiscal year. A public hearing on the budget shall be held before its final adoption. On or before the end of the fiscal year, the Township Board shall adopt a budget for the ensuing fiscal year. The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. (i.e., The level at which expenditures may not legally exceed appropriations). The Supervisor is authorized to transfer budgeted amounts between line-items within an activity category; however, any revisions that alter the total expenditures of any activity must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds-- During the year, Bedford Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Actual Expenditure</u>	<u>Budget Appropriation</u>
General Fund--Ordinance	\$ 58,642	\$ 58,150

These excess expenditures were funded by available fund balance.

Fund Deficits--Bedford Township had two accumulated fund balance/retained earning deficits, that were subsequently eliminated by a bond issues.

#### **NOTE 4--DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits were reported in the basic financial statements in the following categories:

<u>Primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Cash and Cash Equivalents	\$ 8,038,857	\$ 3,302,451	\$ 5,576	\$ 11,346,884	\$ 11,532,019
Restricted Cash	43,815	4,958,485	-	5,002,300	5,002,300
Total	<u>\$ 8,082,672</u>	<u>\$ 8,260,936</u>	<u>\$ 5,576</u>	<u>\$ 16,349,184</u>	<u>\$ 16,534,319</u>
				Federal Depository Insurance Coverage	<u>\$ 300,000</u>

<u>Component Units</u>	<u>Economic Development Corporation</u>	<u>Downtown Development Authority</u>	<u>Total</u>	<u>Bank Balance</u>
Cash and Cash Equivalents	<u>\$ 12,430</u>	<u>\$ 566,264</u>	<u>\$ 578,694</u>	<u>\$ 579,113</u>
			Federal Depository Insurance Coverage	<u>\$ 112,489</u>

**NOTE 4--DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township evaluates each financial institution and assesses the risk level of each one, those with adequate risk levels are used for deposits. The Township has policy for this risk.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not recover the value of its investments or collateral securities that are in the custody of an outside party. The Township has only investments in mutual funds in the amount of \$1,424,605 which are uninsured, unregistered and held by counterparties for the particular securities. The To

Interest Rate Risk

Interest rate risk is the risk that the value on investments will decrease as a result of a rise in interest rates. The Township has no policy with respect to investment maturities. The Township has no policy for this risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organizations. The Township follows the state guidelines and has no investments in this category. The Township has no policy for this risk.

**NOTE 5--RECEIVABLES**

Receivables as of year-end for the government's individual major and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<i>General Fund</i>	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Greenhills Debt Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
Accounts	\$ 19,104	\$ 997,515	\$ 1,472	\$ -	\$ 2,712	\$ 1,020,803
Special Assessments	52,870	-	1,152,565	1,858,896	353,363	3,417,694
Tap-Ins	-	-	2,414	-	-	2,414
Grants and Loans	-	-	-	-	141,049	141,049
Gross Receivables	71,974	997,515	1,156,451	1,858,896	497,124	4,581,960
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Receivables	<u>\$ 71,974</u>	<u>\$ 997,515</u>	<u>\$ 1,156,451</u>	<u>\$ 1,858,896</u>	<u>\$ 497,124</u>	<u>\$ 4,581,960</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<i>Unavailable</i>
Loans and Grants	\$ 141,049
Special Assessments	3,417,694
Total	<u>\$ 3,558,743</u>

**NOTE 6--CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

<b><u>Primary Government</u></b>	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b><u>Governmental Activities</u></b>				
Capital Assets Not Being Depreciated :				
Land	\$ 286,350	\$ 350,435	\$ -	\$ 636,785
Construction in Progress	272,295	-	(272,295)	-
	<u>558,645</u>	<u>350,435</u>	<u>(272,295)</u>	<u>636,785</u>
Capital Assets Being Depreciated :				
Buildings	6,704,329	-	(139,400)	6,564,929
Improvements Other Than Buildings	97,340	6,100	-	103,440
Infrastructure	2,576,072	320,915	-	2,896,987
Machinery and Equipment	5,867,689	191,491	(30,302)	6,028,878
Subtotal	<u>15,245,430</u>	<u>518,506</u>	<u>(169,702)</u>	<u>15,594,234</u>
Less Accumulated Depreciation for :				
Buildings	1,140,739	143,158	(139,400)	1,144,497
Improvements Other Than Buildings	-	1,826	-	1,826
Infrastructure	193,746	67,458	-	261,204
Machinery and Equipment	3,357,433	330,707	(30,302)	3,657,838
Subtotal	<u>4,691,918</u>	<u>543,149</u>	<u>(169,702)</u>	<u>5,065,365</u>
Net Capital Assets Being Depreciated	<u>10,553,512</u>	<u>(24,643)</u>	<u>-</u>	<u>10,528,869</u>
Governmental Activities Total				
Capital Assets--Net of Depreciation	<u>\$ 11,112,157</u>	<u>\$ 325,792</u>	<u>\$ (272,295)</u>	<u>\$ 11,165,654</u>
<b><u>Business-Type Activities</u></b>				
Capital Assets Not Being Depreciated :				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in Progress	-	1,277,006	-	1,277,006
	<u>40,000</u>	<u>1,277,006</u>	<u>-</u>	<u>1,317,006</u>
Capital Assets Being Depreciated :				
Buildings and System	34,042,275	-	-	34,042,275
Machinery and Equipment	449,656	37,578	-	487,234
	<u>34,491,931</u>	<u>37,578</u>	<u>-</u>	<u>34,529,509</u>
Less Accumulated Depreciation for :				
Buildings and System	14,908,911	680,845	-	15,589,756
Machinery and Equipment	397,060	22,453	-	419,513
	<u>15,305,971</u>	<u>703,298</u>	<u>-</u>	<u>16,009,269</u>
Net Capital Assets Being Depreciated	<u>19,185,960</u>	<u>(665,720)</u>	<u>-</u>	<u>18,520,240</u>
Business-Type Activities Total				
Capital Assets--Net of Depreciation	<u>\$ 19,225,960</u>	<u>\$ 611,286</u>	<u>\$ -</u>	<u>\$ 19,837,246</u>

Depreciation expense was charged to programs of the primary government as follows:

<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>	
General Government	\$ 63,715	Sewer	\$ 703,298
Public Safety	237,234		
Public Works	67,458		
Recreation and Culture	174,742		
Total Governmental Activities	<u>\$ 543,149</u>		



**Construction Commitments**

The Township has no construction contract commitments at June 30, 2006.

**Discretely Presented Component Units**

Capital asset activity of the Economic Development Corporation for the current year was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Capital Assets Being Depreciated :				
Improvements Other Than Buildings	\$ 5,200	\$ -	\$ -	\$ 5,200
Less Accumulated Depreciation for :				
Improvements Other Than Buildings	4,200	1,000	-	5,200
Economic Development Corporation				
Capital Assets - Net	<u>\$ 1,000</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>

Capital asset activity of the Downtown Development Authority for the current year was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Capital Assets Being Depreciated :				
Infrastructure	\$ 32,672	\$ -	\$ -	\$ 32,672
Less Accumulated Depreciation for :				
Infrastructure	1,634	1,634	-	3,268
Downtown Development Authority				
Capital Assets - Net	<u>\$ 31,038</u>	<u>\$ (1,634)</u>	<u>\$ -</u>	<u>\$ 29,404</u>

**NOTE 7--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances is as follows:

*Due To/From Other Funds*

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
General	Nonmajor	192,229
	Sewer	17,407
Nonmajor	Sewer	2,925
Total		<u>\$ 212,561</u>

*Interfund Transfers*

	<i>Non-Major Governmental Funds</i>	<i>Transfers In General Fund</i>	<i>Total</i>
Transfers Out:			
General Fund	\$ 146,450	-	\$ 146,450
Nonmajor	-	64,177	64,177
	<u>\$ 146,450</u>	<u>\$ 64,177</u>	<u>\$ 210,627</u>

**NOTE 8--LEASES**

Bedford Township had no lease obligations at June 30, 2006.

**NOTE 9--LONG-TERM DEBT**

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
County Contractual Obligations						
Road Bonds-2002	2.75-4.0%	2012-13	\$ 800,000	\$ (100,000)	\$ 700,000	\$ 100,000
Road Bonds-2005	4.50%	2017-18	371,800	-	371,800	16,900
Water Line	2.0-3.5%	2011-12	1,295,000	(185,000)	1,110,000	185,000
Sewer	5.00%	2008-09	850,000	(200,000)	650,000	200,000
Limited Tax General Obligation						
Library Bonds	2.0-3.4%	2011-12	3,325,000	(410,000)	2,915,000	435,000
Total Governmental Activities			<u>\$ 6,641,800</u>	<u>\$ (895,000)</u>	<u>\$ 5,746,800</u>	<u>\$ 936,900</u>
<b>Business-Type Activities</b>						
County Contractual Obligations						
Sewer System	2.00%	2012-13	\$ 2,900,000	\$ (335,000)	\$ 2,565,000	\$ 345,000
Sewer System-2005	3.8-4.05%	2020-21	-	1,350,000	1,350,000	45,000
Total Business-Type Activities			<u>\$ 2,900,000</u>	<u>\$ 1,015,000</u>	<u>\$ 3,915,000</u>	<u>\$ 390,000</u>
<b>Component Unit - Downtown Development Authority</b>						
County Contractual Obligations						
Road Bonds-1999	4.2-5.0%	2011-12	<u>\$ 857,506</u>	<u>\$ (105,000)</u>	<u>\$ 752,506</u>	<u>\$ 110,833</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 936,900	\$ 178,949	\$ 390,000	\$ 99,198	\$ 110,833	\$ 36,232
2007	990,350	150,983	390,000	90,778	116,667	31,244
2008	1,010,350	120,050	405,000	82,063	122,500	25,876
2009	805,350	91,702	435,000	72,723	128,334	19,996
2010	833,800	66,897	435,000	62,948	134,172	13,708
2011 and after	1,170,050	65,666	1,860,000	251,587	140,000	7,000
Total	<u>\$ 5,746,800</u>	<u>\$ 674,247</u>	<u>\$ 3,915,000</u>	<u>\$ 659,297</u>	<u>\$ 752,506</u>	<u>\$ 134,056</u>

**NOTE 10--RESTRICTED ASSETS**

The balances of the restricted asset (cash with fiscal agent) accounts in the proprietary fund are as follows:

Debt Retirement	\$ 249
Replacement	3,452,000
Construction	88,602
Operations	1,417,634
	<u>\$ 4,958,485</u>

**NOTE 11--RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions of insurance coverage from the prior year.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

**NOTE 12--OTHER POST-EMPLOYMENT BENEFITS**

The Township has post-employment health and dental benefits provided to retired board members and employees. This plan is established by the Township Board as an ordinance.

The Township funds these benefits on a "pay-as-you-go" basis. The total cost of these benefits for the year ended June 30, 2006, was approximately \$3,300 and there were three participants who qualified for and received benefits for this year.

Future Reporting Change - Governmental Accounting Standards Board Statement No. 45 becomes effective for the year beginning July 1, 2009. This pronouncement will mandate the cost of providing retiree health care over the working life of the employee, be recognized in the government-wide financial statements.

**NOTE 13--EMPLOYEE RETIREMENT PLAN**

**Defined Contribution Pension Plan**

The Township provides pension benefits for all of its full time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus any investment earnings. The plan was established and may be amended by the Township Board.

Bedford Township contributes thirteen percent of base wages for each employee with the employee having an optional contribution of up to ten percent. An employee is fully vested after twenty-one months of service. An insurance company (Manulife Financial) administers the plan and the Township makes monthly contributions. The Township's total payroll for this year was \$1,714,733. The Township made the required contribution of \$148,103 on covered payroll of \$1,139,250.

All full time employees participate in the plan.

**NOTE 14 -- PENDING LITIGATION**

At present, there are no cases of litigation pending that would have a material effect on the financial statements.

**NOTE 15 -- COMPENSATED ABSENCES**

Compensated absence activity can be summarized as follows:

<i>Fund</i>	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<b><u>Governmental</u></b>					
General Fund	\$ 63,825	\$ 3,000	\$ -	\$ 66,825	\$ 3,000
Fire Fund	1,322	-	-	1,322	-
Building Inspection	16,975	-	-	16,975	-
	<u>\$ 82,122</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 85,122</u>	<u>\$ 3,000</u>
<b><u>Business - Type</u></b>					
Sewer Fund	<u>\$ 7,883</u>	<u>\$ -</u>	<u>\$ (673)</u>	<u>\$ 7,210</u>	<u>\$ 3,300</u>

**NOTE 16--DEFERRED COMPENSATION PLAN**

The Bedford Township Board offers all Bedford Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in Bedford Township's financial statements.

**NOTE 17 -- MONROE COUNTY JOINT POWERS WATER CONTRACTS (South County Water System)**

Bedford Township, in conjunction with three other communities, has entered into a contract with the Monroe County Drain Commission to provide a water supply and water mains for each of the communities. This is considered a joint venture without an equity interest.

Each community's liability is computed annually using assessed property valuation as a basis. Therefore, Bedford Township's liability under this contract is presently undeterminable but, at this time, is estimated to be approximately 60% of the contract amount. The South County Water System currently makes all payments of principal and interest on these contracts, but the units of government will still be liable for principal should South County Water System not be able to meet the obligation.

The Township's estimated share of assets, liabilities, and fund equity is 60%. Summary financial information as of, and for the fiscal year ended December 31, 2005 is as follows:

	<i>South County Water System</i>
Cash and Investments	\$ 10,666,547
Other Assets	20,361,237
Total Assets	<u>31,027,784</u>
 Total Liabilities	 <u>5,309,609</u>
Total Net Assets	 <u>\$ 25,718,175</u>
 Total Revenue	 \$ 4,652,354
Total Expenses	3,139,623
Net Change in Net Assets	<u>\$ 1,512,731</u>
 Current Portion of Long-Term Debt	 \$ 100,000
Long-Term Debt, Less Current Portion	4,257,550
Total Debt	<u>\$ 4,357,550</u>

Complete financial statements for this joint entity are in the 2005 Financial Statements of the Monroe County Drain Commission County Agency.

**NOTE 18 -- REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and all special revenue funds.

**NOTE 19 -- CONDUIT DEBT**

The Economic Development Corporation has outstanding bonds in the amount of \$6,103,077 due in full in 2024. All bonds are issued in accordance with the provisions of Act No. 270 and were to be repaid solely from net revenues received from the project under contract and the bonds shall never constitute a general obligation of the Economic Development Corporation of the Township of Bedford.

**NOTE 20 -- SUBSEQUENT EVENTS**

The Township issued \$2,000,000 of general obligation limited tax bonds for construction of a new township hall, and \$1,860,000 of general obligation limited tax bonds (special assessment) for road construction.

## ***Required Supplementary Information***

## BEDFORD TOWNSHIP

## GENERAL FUND

## SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Taxes	\$ 789,650	\$ 796,110	\$ 796,067	\$ (43)
Licenses and Permits	185,275	197,775	208,692	10,917
State Grants	1,890,000	1,962,400	2,026,757	64,357
Charges for Services	48,000	68,500	39,008	(29,492)
Fines and Forfeits	30,000	37,500	37,106	(394)
Interest	40,000	110,000	118,375	8,375
Other	83,700	219,700	242,528	22,828
Total Revenue	3,066,625	3,391,985	3,468,533	76,548
Expenditures:				
Current:				
General Government				
Township Board	54,250	61,850	53,221	8,629
Supervisor	106,800	106,800	102,959	3,841
Elections	36,600	36,600	9,709	26,891
Finance	46,300	46,300	45,559	741
Clerk	147,000	156,150	153,779	2,371
Board of Review	6,100	6,100	2,812	3,288
Treasurer	160,000	160,000	154,786	5,214
Assessing	183,200	183,200	170,517	12,683
Cemetery	1,000	72,500	72,416	84
Building and Grounds	336,550	371,350	355,926	15,424
Legal	61,000	70,000	64,457	5,543
Property - Other	157,000	233,500	206,798	26,702
Planning Commission	193,700	224,950	193,268	31,682
Board of Zoning Appeals	12,100	12,100	10,616	1,484
Township at Large	65,550	68,350	63,116	5,234
Beautification	10,000	10,000	9,262	738
Community Action	20,000	109,000	108,044	956
Insurance	115,000	115,000	111,709	3,291
Fringe Benefits	306,200	311,250	306,472	4,778
Social Security	76,000	78,000	73,905	4,095
Senior Citizens	10,000	10,000	10,000	-
Total General Government	2,104,350	2,443,000	2,279,331	163,669
Public Safety				
Ordinance	45,150	58,150	58,642	(492)
Police	567,500	567,500	545,637	21,863
Mosquito Control	50,000	50,000	46,922	3,078
Total Public Safety	662,650	675,650	651,201	24,449
Public Works				
Drains	24,000	8,000	7,650	350
Street Lighting	22,500	162,000	161,220	780
Roads	292,000	292,000	218,474	73,526
Total Public Works	338,500	462,000	387,344	74,656
Debt Service				
Principal	100,000	100,000	100,000	-
Interest	28,000	28,000	27,620	380
Total Debt Service	128,000	128,000	127,620	380
Total Current Expenditures	3,233,500	3,708,650	3,445,496	263,154
Excess of Revenue Over (Under) Expenditures	(166,875)	(316,665)	23,037	339,702
Other Financing Sources (Uses):				
Operating Transfers to Other Funds	(146,450)	(146,450)	(146,450)	-
Operating Transfers from Other Funds	-	-	64,177	64,177
Total Other Financing Sources (Uses)	(146,450)	(146,450)	(82,273)	64,177
Excess of Revenue & Other Financing Sources Over Expenditures & Other Financing Uses	(313,325)	(463,115)	(59,236)	403,879
Fund Balance - Beginning	3,407,346	3,407,346	3,407,346	-
Fund Balance - Ending	\$ 3,094,021	\$ 2,944,231	\$ 3,348,110	\$ 403,879

**BEDFORD TOWNSHIP**  
**FIRE DEPARTMENT FUND**  
**SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Property Taxes	\$	\$	\$ 847,631	\$ 847,631
Assessments			114,972	114,972
Interest			38,166	38,166
Other			1,979	1,979
Total Revenue	<u>1,040,000</u>	<u>1,040,000</u>	<u>1,002,748</u>	<u>1,002,748</u>
Current Expenditures:				
Public Safety:				
Wages			383,736	
Social Security			29,192	
Fringe Benefits			21,519	
Legal			3,927	
Supplies			19,881	
Contracted Services			114,972	
Medical			5,669	
Training			9,113	
Maintenance			55,518	
Conferences			2,779	
Insurance			25,224	
Utilities			6,924	
Capital Outlay			147,464	
Total Expenditures	<u>1,040,000</u>	<u>1,040,000</u>	<u>825,918</u>	<u>214,082</u>
Excess of Revenue Over (Under)				
Expenditures	-	-	176,830	176,830
Fund Balance, Beginning	<u>977,975</u>	<u>977,975</u>	<u>977,975</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 977,975</u>	<u>\$ 977,975</u>	<u>\$ 1,154,805</u>	<u>\$ 176,830</u>

**BEDFORD TOWNSHIP****LIBRARY FUND****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Property Tax	\$	\$	\$ 678,124	\$ 678,124
Other			10,209	
Interest			31,811	31,811
Total Revenue	687,500	741,750	720,144	709,935
Current Expenditures:				
Recreational and Cultural				
Board Fees			2,970	
Office Supplies			226	
Operating Supplies			1,324	
Utilities			60,342	
Repairs and Maintenance			33,868	
Professional Services			330	
Rent Expense			0	
Water & Sewer Use Charges			2,110	
Other			3,567	
Capital Outlay			8,137	
Debt Service:				
Principal			410,000	
Interest and Fiscal Charges			88,933	
Total Expenditures	594,750	741,750	611,807	129,943
Excess of Revenue Over (Under)				
Expenditures	92,750	0	108,337	839,878
Other Financing Sources (Uses):				
Operating Transfers In			-	-
Excess of Revenue and Other Sources Over				
(Under) Expenditures and Other Uses	92,750	0	108,337	839,878
Fund Balance, Beginning	696,390	696,390	696,390	-
Fund Balance, Ending	\$ 789,140	\$ 696,390	\$ 804,727	\$ 839,878



**BEDFORD TOWNSHIP****WATER FUND****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Assessments	\$	\$	\$ 214,173	\$ 214,173
Interest			118,176	118,176
Other			49,228	49,228
Total Revenue	<u>356,534</u>	<u>356,534</u>	<u>381,577</u>	<u>381,577</u>
Current Expenditures:				
Public Works:				
Board Fees			200	
Professional Fees			12,565	
Other			2,213	
Debt Service:				
Principal			185,000	
Interest and Fiscal Charges			36,418	
Total Expenditures	<u>292,300</u>	<u>292,300</u>	<u>236,396</u>	<u>55,904</u>
Excess of Revenue Over (Under)				
Expenditures	64,234	64,234	145,181	80,947
Fund Balance, Beginning	<u>1,800,163</u>	<u>1,800,163</u>	<u>1,800,163</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,864,397</u>	<u>\$ 1,864,397</u>	<u>\$ 1,945,344</u>	<u>\$ 80,947</u>

## ***Supplementary Information***

BEDFORD TOWNSHIP  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006

	Special Revenue						Capital Projects		Debt Service			Total Nonmajor Governmental Funds
	Park	Transit System	Building Inspection	Rehabilitation	Metro Act	Emergency Preparedness	Township Hall Construction	Road Improvement	Sewer Debt Service	Fairfield Dr. Debt Service	Sarah Drive Debt Service	
<b>Assets</b>												
Cash and Cash Equivalents	\$ 172,596	\$ 93,256	\$ 259,661	\$ 32,257	\$ 28,366	\$ -	\$ -	\$ -	\$ 433,077	\$ 80,165	\$ 19,588	\$ 1,118,968
Prepaid Costs	10,838	-	711	-	-	-	-	-	-	-	-	11,549
Accounts Receivable	2,405	-	-	-	-	-	-	-	307	-	-	2,712
Loans Receivable	-	-	-	111,423	-	-	-	-	-	-	-	111,423
Grants Receivable	-	-	-	29,626	-	-	-	-	-	-	-	29,626
Assessments Receivable	-	-	-	-	-	-	-	-	-	297,124	56,239	353,363
Due From State	-	-	-	-	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	2,925	-	-	2,925
Cash With Fiscal Agent	-	-	-	-	-	-	-	43,511	304	-	-	43,815
<b>Total Assets</b>	<b>\$ 185,839</b>	<b>\$ 93,256</b>	<b>\$ 260,372</b>	<b>\$ 173,306</b>	<b>\$ 28,366</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,511</b>	<b>\$ 436,613</b>	<b>\$ 377,289</b>	<b>\$ 75,827</b>	<b>\$ 1,674,379</b>
<b>Liabilities And Fund Balance</b>												
<b>Liabilities:</b>												
Accounts Payable	\$ 7,971	\$ 13,404	\$ 127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ 21,502
Accrued Wages	436	-	7,852	-	-	-	-	-	-	-	-	8,288
Accrued Payroll Taxes	-	-	1,159	-	-	-	-	-	-	-	-	1,159
Due to Other Funds	-	-	25,529	-	-	-	89,648	77,052	-	-	-	192,229
Deferred Revenue	-	-	-	141,049	-	-	-	-	-	297,124	56,239	494,412
<b>Total Liabilities</b>	<b>8,407</b>	<b>13,404</b>	<b>34,667</b>	<b>141,049</b>	<b>-</b>	<b>-</b>	<b>89,648</b>	<b>77,052</b>	<b>-</b>	<b>297,124</b>	<b>56,239</b>	<b>717,590</b>
<b>Fund Balance:</b>												
Reserved	10,838	-	711	-	-	-	-	-	436,613	80,165	19,588	547,915
<b>Total Reserved</b>	<b>10,838</b>	<b>-</b>	<b>711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436,613</b>	<b>80,165</b>	<b>19,588</b>	<b>547,915</b>
Unreserved Undesignated	166,594	79,852	224,994	32,257	28,366	-	(89,648)	(33,541)	-	-	-	408,874
<b>Total Fund Balance</b>	<b>177,432</b>	<b>79,852</b>	<b>225,705</b>	<b>32,257</b>	<b>28,366</b>	<b>0</b>	<b>(89,648)</b>	<b>(33,541)</b>	<b>436,613</b>	<b>80,165</b>	<b>19,588</b>	<b>956,789</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 185,839</b>	<b>\$ 93,256</b>	<b>\$ 260,372</b>	<b>\$ 173,306</b>	<b>\$ 28,366</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,511</b>	<b>\$ 436,613</b>	<b>\$ 377,289</b>	<b>\$ 75,827</b>	<b>\$ 1,674,379</b>

**BEDFORD TOWNSHIP**  
**COMBINING STATEMENT OF REVENUE, AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	Special Revenue						Capital Projects		Debt Service			Total
	Park	Transit System	Building Inspection	Rehabilitation	Metro Act	Emergency Preparedness	Township Hall Construction	Road Improvement	Sewer Debt Service	Fairfield Dr. Debt Service	Sarah Drive Debt Service	Nonmajor Governmental Funds
Revenues:												
Taxes	\$ 225,917	\$ 185,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,534	\$ -	\$ -	\$ 542,984
Licenses and Permits	-	-	327,475	-	25,721	-	-	-	-	-	-	353,196
Assessments	-	-	-	-	-	-	-	-	-	74,731	22,178	96,909
Interest	10,097	3,115	10,135	336	121	-	-	5,716	9,088	14,019	7,000	59,627
Other Revenue	16,755	-	-	19,435	-	-	-	-	14,797	-	-	50,987
Total Revenue	252,769	188,648	337,610	19,771	25,842	-	-	5,716	155,419	88,750	29,178	1,103,703
Expenditures:												
Current												
General Government	-	126,283	-	23,294	-	-	-	-	-	-	-	149,577
Public Safety	-	-	388,922	-	-	-	-	-	-	-	-	388,922
Public Works	-	-	-	-	-	-	-	411,057	-	-	-	411,057
Recreational and Cultural	142,957	-	-	-	-	-	-	-	-	-	-	142,957
Capital Outlay	343,044	-	-	-	48,620	-	89,648	-	-	-	-	481,312
Debt Service												
Principal	-	-	-	-	-	-	-	-	200,000	-	25,166	225,166
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	40,005	8,585	5,033	53,623
Total Expenditures	486,001	126,283	388,922	23,294	48,620	-	89,648	411,057	240,005	8,585	30,199	1,852,614
Excess of Revenue Over (Under) Expenditures	(233,232)	62,365	(51,312)	(3,523)	(22,778)	-	(89,648)	(405,341)	(84,586)	80,165	(1,021)	(748,911)
Other Financing Sources (Uses):												
Bond Proceeds	-	-	-	-	(631)	(34,923)	(28,623)	-	-	-	-	(64,177)
Operating Transfers to Other Funds	-	-	-	-	-	-	-	-	-	-	-	146,450
Operating Transfers from Other Funds	146,450	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	146,450	-	-	-	(631)	(34,923)	(28,623)	-	-	-	-	82,273
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	(86,782)	62,365	(51,312)	(3,523)	(23,409)	(34,923)	(118,271)	(405,341)	(84,586)	80,165	(1,021)	(666,638)
Fund Balance - Beginning	264,214	17,487	277,017	35,780	51,775	34,923	28,623	371,800	521,199	-	20,609	1,623,427
Fund Balance - Ending	\$ 177,432	\$ 79,852	\$ 225,705	\$ 32,257	\$ 28,366	\$ -	\$ (89,648)	\$ (33,541)	\$ 436,613	\$ 80,165	\$ 19,588	\$ 956,789

## PARK FUND

## SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Property Tax	\$	\$	\$ 225,917	\$ 225,917
Interest			10,097	10,097
Rental Revenue			16,655	16,655
Other			100	100
Total Revenue	<u>370,450</u>	<u>624,950</u>	<u>252,769</u>	<u>252,769</u>
Current Expenditures:				
Recreational and Cultural				
Board Fees			14,710	
Supplies			240	
Utilities			9,196	
Repairs and Maintenance			19,673	
Conferences and Workshops			4,951	
Recreation Commission			67,053	
Professional Services			3,803	
Memberships and Dues			337	
Janitorial Services			18,907	
Capital Outlay			343,044	
Refuse Collection			3,685	
Other			402	
Total Expenditures	<u>370,450</u>	<u>624,950</u>	<u>486,001</u>	<u>138,949</u>
Excess of Revenue Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(233,232)</u>	<u>391,718</u>
Other Financing Sources (Uses):				
Operating Transfers In			146,450	(146,450)
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>(86,782)</u>	<u>245,268</u>
Fund Balance, Beginning	<u>264,214</u>	<u>264,214</u>	<u>264,214</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 264,214</u>	<u>\$ 264,214</u>	<u>\$ 177,432</u>	<u>\$ 245,268</u>

**BEDFORD TOWNSHIP****TRANSIT SYSTEM****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Property Taxes	\$	\$	\$ 185,533	\$ 185,533
Interest Income			3,115	3,115
Total Revenue	181,000	181,000	188,648	188,648
Current Expenditures:				
General Government				
Contracted Services			126,283	
Total Expenditures	150,000	150,000	126,283	23,717
Excess of Revenue Over (Under) Expenditures	31,000	31,000	62,365	212,365
Fund Balance, Beginning	17,487	17,487	17,487	-
Fund Balance, Ending	\$ 48,487	\$ 48,487	\$ 79,852	\$ 212,365

**BEDFORD TOWNSHIP****BUILDING INSPECTION****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Licenses and Permits	\$	\$	\$ 327,475	\$ 327,475
Interest Revenue			10,135	10,135
Total Revenue	480,100	480,100	337,610	337,610
Current Expenditures:				
Public Safety:				
Salary			260,702	
Fringe Benefits			72,779	
Supplies			2,254	
Software			-	
Professional Fees			10,074	
Conferences and Workshops			951	
Membership Dues and Publications			589	
Maintenance			3,111	
Other			28,025	
Capital Outlay			10,437	
Total Expenditures	444,000	444,000	388,922	55,078
Excess of Revenue Over (Under) Expenditures	36,100	36,100	(51,312)	392,688
Fund Balance, Beginning	277,017	277,017	277,017	-
Fund Balance, Ending	313,117	\$ 313,117	\$ 225,705	\$ 392,688

**BEDFORD TOWNSHIP****REHABILITATION FUND****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Interest	\$	\$	\$ 336	\$ 336
Loan Payments			19,435	19,435
Total Revenue	<u>28,415</u>	<u>28,415</u>	<u>19,771</u>	<u>19,771</u>
Current Expenditures:				
General Government:				
Loans Expense			22,114	
Board Fees			1,180	
Total Expenditures	<u>28,415</u>	<u>28,415</u>	<u>23,294</u>	<u>5,121</u>
Excess of Revenue Over (Under) Expenditures	-	-	(3,523)	24,892
Fund Balance, Beginning	<u>35,780</u>	<u>35,780</u>	<u>35,780</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 35,780</u>	<u>\$ 35,780</u>	<u>\$ 32,257</u>	<u>\$ 24,892</u>



**BEDFORD TOWNSHIP****METRO ACT FUND****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Fees	\$	\$	\$ 25,721	\$ 25,721
Interest			121	121
Total Revenue	<u>78,157</u>	<u>78,157</u>	<u>25,842</u>	<u>25,842</u>
Current Expenditures:				
Public Safety:				
Capital Outlay			48,620	-
Total Expenditures	<u>78,157</u>	<u>78,157</u>	<u>48,620</u>	<u>-</u>
Excess of Revenue Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(22,778)</u>	<u>25,842</u>
Other Financing Sources (Uses):				
Operating Transfers Out			(631)	
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses			(23,409)	
Fund Balance, Beginning	<u>51,775</u>	<u>51,775</u>	<u>51,775</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 51,775</u>	<u>\$ 51,775</u>	<u>\$ 28,366</u>	<u>\$ 25,842</u>

**BEDFORD TOWNSHIP**  
**EMERGENCY PREPAREDNESS FUND**  
**SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Revenue:				
Interest	\$	\$	\$ -	\$ -
Total Revenue	35,244	35,244	-	-
Current Expenditures:				
Public Safety				
Contracted Services			-	
Total Expenditures			-	-
Excess of Revenue Over (Under) Expenditures	35,244	35,244	-	-
Other Financing Sources (Uses):				
Operating Transfers Out	(35,244)	(35,244)	(34,923)	-
Total Other Financing Sources (Uses)	(35,244)	(35,244)	(34,923)	-
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	-	-	(34,923)	-
Fund Balance, Beginning	34,923	34,923	34,923	-
Fund Balance, Ending	\$ 34,923	\$ 34,923	\$ -	\$ -